
PRELICENSING EDUCATION

Educational Objectives

California Commercial, Health and Disability Examination

OVERVIEW

Section 1676 of the California Insurance Code (CIC) and Section 2187.4 (a) and (b) of the California Code of Regulations requires that the Personal Lines Broker-Agent licensee, who would like to apply to become a Fire and Casualty Broker-Agent licensee, is required to complete a minimum of 20-hours prelicensing classroom study on commercial lines, health and disability. The licensee will not be required to repeat the 12 hours of ethics and code prelicensing classroom study.

In addition, Section 1677 of the California Insurance Code requires the Commercial, Health, and Disability examination is of sufficient scope to satisfy the Insurance Commissioner that an applicant has sufficient knowledge of insurance and insurance laws.

Basic commercial, health, and disability knowledge is required for Personal Lines Broker-Agents to know to increase their authority to act in the capacity of a Fire and Casualty Broker-Agent.

- (1) The most specific knowledge is required in the following areas:
 - * Commercial Property;
 - * Commercial Liability;
 - * Commercial Automobile;
 - * Commercial Package Policies;
 - * Inland and Ocean Marine Coverages;
 - * Crime Coverages;
 - * Bonds; and,
 - * Umbrella and Excess Liability Policies.
- (2) To a lesser degree, knowledge is required of:
 - * Workers' Compensation;
 - * Health and Disability Insurance; and,
 - * A general understanding of all other lines of insurance.

As Section 1749.1(b) of the California Insurance Code states, in part, that no prelicensing or continuing education course shall include sales training, motivational training, self-improvement training, or training offered by insurers or agents regarding new products or programs. The license examination shall also exclude those items.

PRELICENSING EDUCATION

Educational Objectives

California Commercial, Health and Disability Examination

EDUCATIONAL OBJECTIVES

The educational objectives are derived from the curriculum outline contained in Title 10, Chapter 5, Subchapter 1, Article 6.5, Section 2187.4 of the California Code of Regulations.

THE EXAMINATION

The Personal Lines Broker-Agent licensee who would like to apply to become a Fire and Casualty Broker-Agent licensee is required to take the California Department of Insurance's Commercial, Health, and Disability examination. The Commercial, Health, and Disability examination contains 60 multiple-choice questions. The examinees, without any aids (e.g. reference materials, electronic aids), are allowed one and one-half (1½ hours) to answer the 60 question multiple-choice examination.

All questions are based on "standard" policies; current editions of Insurance Services Office (ISO) policies will be used as the standard where available.

The objectives for Section I.B4 – Property Indirect Damage Insurance are based on the Business Income Coverage form.

Examinations are administered at 8:30 a.m. and 1:00 p.m. Monday through Friday, except on state holidays, at the following locations:

Sacramento:

California Department of Insurance
Examination Site
320 Capitol Mall,
1st Floor
Sacramento, California 95814

Los Angeles:

California Department of Insurance
Examination Site
300 South Spring Street, North Tower,
Suite 1000
Los Angeles, California 90013

San Francisco:

California Department of Insurance
Examination Site
45 Fremont Street
22nd Floor
San Francisco, California 94105

San Diego:

California Department of Insurance
Examination Site
1350 Front Street
Room 4050
San Diego, California 92101

PRELICENSING EDUCATION

Educational Objectives

California Commercial, Health and Disability Examination

Please check-in at 8:10 a.m. for the 8:30 a.m. examination and check-in at 12:40 p.m. for the 1:00 p.m. examination.

In addition, the California Department of Insurance offers a license examination that is usually administered on the first and third Saturdays of the month. This examination is held at the following location:

Clovis:

California Department of Insurance
Examination Site
San Joaquin College of Law
901 Fifth Street
MCLE Room 213
Clovis, California 93612

Please note that this examination begins at 8:30 a.m. Check-in time for this examination is 8:00 a.m.

For additional information on license examinations (i.e. online examination scheduling, fingerprint requirements, examination admittance, acceptable forms of identification, check your scheduled examination date, check your examination results), please review the following link:

<http://www.insurance.ca.gov/0200-industry/0010-producer-online-services/0200-exam-info/index.cfm>

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

TABLE OF CONTENTS

- I. COMMERCIAL COVERAGES** (75 percent of questions)
 - A. ISO Modular Commercial Lines Program
 - B. Commercial Property
 - 1. Commercial Property - General
 - 2. Building and Personal Property Coverage Form
 - 3. Causes of Loss Form(s)
 - 4. Property Indirect Damage Insurance
 - 5. Other endorsements / Coverages
 - C. Commercial General Liability (CGL)
 - 1. Commercial General Liability - General
 - 2. CGL Coverage Form (Occurrence)
 - 3. Professional Liability
 - 4. Claims Made
 - 5. Umbrella and Excess Liability
 - D. Commercial Crime
 - E. Boiler and Machinery
 - F. Commercial Inland Marine
 - G. Commercial Auto
 - 1. Commercial Auto - General
 - 2. Business Auto Coverage
 - 3. Garage Auto Coverage
 - 4. Truckers Coverage
 - H. Farm
 - I. National Flood - Commercial
 - J. Business owners Policy (BOP)
 - 1. BOP - General
 - 2. BOP - Property Coverage
 - 3. BOP - Liability Coverage
 - K. Ocean Marine
 - L. Surety Bonds (and General Bond Concepts)
 - M. Workers' Compensation - General Concepts
 - N. New Developments - Commercial Lines
- II. HEALTH AND DISABILITY INCOME INSURANCE** (25 percent of questions includes III. Long-Term Care)
 - A. Health and Disability Insurance - General
 - B. Medical Expense Insurance
 - C. Disability Income Insurance
 - D. Senior Health Products
- III. LONG-TERM CARE**

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

I. COMMERCIAL COVERAGES (75 percent of questions)

I. A. ISO Modular Commercial Package Program

1. Be able to identify:
 - a. a description of the modular concept as used in the Commercial Package Program; and,
 - b. the major common modules used in all policies.
2. Be able to identify and apply definitions of the following Common Policy Conditions: Cancellation, Changes / Examination of Your Books and Records / Inspections and Surveys / Premiums / Transfer of Rights and Duties / First Named Insured.
3. For package policies, be able to identify:
 - a. the minimum requirements for a package policy (modules and coverages);
 - b. the advantages to insureds; and,
 - c. that the same coverages may be written on a monoline basis.
4. Be able to identify and know the importance of understanding the California Amendatory Endorsements
5. “you,” “your,” and “we,”
 - a. Know that “you” in a commercial property policy means named insured;
 - b. Know that “your” refers to only the named insured(s) shown in the declaration; and,
 - c. know that “we,” “us” and “our” refer to the insurer providing insurance.

I. COMMERCIAL COVERAGES

I. B. Commercial Property

I. B1. Commercial Property - General

1. Be able to identify and apply definitions from the Commercial Property Conditions.

I. COMMERCIAL COVERAGES

I. B. Commercial Property

I. B2. Building and Personal Property Coverage Form

1. Be able to recognize the principal types of Covered Property and the valuation basis for:
 - a. Building (dwellings not eligible);
 - b. Your Business Personal Property including improvements and betterments; and,

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- c. Personal Property of Others; e.g. know that under the Commercial Property Coverage Form, personal property of others is excluded if the property is being transported by the insured.
- 2. Be able to identify the purpose of a Value Reporting Endorsement.
 - a. know that the Value Reporting Form may be used to modify the insurance provided by the Building and Personal Property Coverage Form; and,
 - b. know that 75 percent is the most that will be paid in the event of a loss if the insured has made no reports of value as required.
- 3. Be able to recognize:
 - a. additional Coverages; and,
 - b. coverage Extensions.
- 4. Under Loss Conditions - Vacancy, be able to recognize:
 - a. the definition of vacancy; and understand the definition for the tenancy of the vacancy; e.g. know that personal property is considered vacant when there is insufficient business personal property present to conduct customary operations and/or 70 percent of the total square footage is not rented or used to conduct customary operations;
 - b. what effect this condition has on the policy; e.g. a vandalism loss under a Building and Personal Property Coverage Form is excluded if the insured building has been vacant for more than 60 consecutive days; and,
 - c. the effects of attaching a vacancy permit to a policy;
 - (1) Know the perils in the vacancy permit endorsement include vandalism and attempted theft, sprinkler leakage and building glass breakage; and,
 - (2) If a vacancy permit endorsement is added to a Building and Personal Property Coverage form, be able to recognize that the vacancy condition under the basic policy is waived during the period;
- 5. Be able to:
 - a. identify reasons for coinsurance (advantages / disadvantages to the insured); and,
 - b. apply coinsurance to a described loss.
- 6. Be able to recognize for coinsurance purposes, the fair market value may be used to determine the actual cash value of a commercial building.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

I. COMMERCIAL COVERAGES

I. B. Commercial Property

I. B3. Causes of Loss Form(s)

1. Be able to recognize situations in which the rights of a mortgage holder are protected, even if an insured's claim is denied.
2. Be able to apply the effect of the exclusion that eliminates concurrent causation from applying to certain perils.
3. Be able to identify the purpose of the Basic, Broad, and Special Causes of Loss Forms and the major differences between the perils insured; e.g. know for instance that Windstorm is a covered peril under the Basic, Broad, and Special Cause of Loss Form(s). Other coverages may not be covered under all three forms.
4. Know that most of the exclusions are contained in the Causes of Loss Form(s) of the Commercial Property policy.
5. In the Causes of Loss coverage part(s), Section B - Exclusions, be able to identify the following excluded loss causes:
 - a. ordinance or law;
 - b. earth movement; e.g. know that the earth movement exclusion applies to landslides, mine subsidence and earth tremors caused by a volcanic eruption; and,
 - c. water; e.g. know the water damage exclusion in the Causes of Loss Special Form applies to sewer backup, tidal waves, and flood.

I. COMMERCIAL COVERAGES

I. B. Commercial Property

I. B4. Property Indirect Damage Insurance

1. Be able to recognize definitions of Business Income and Extra Expense and that both are covered by the Business Income (and Extra Expense) coverage form.
2. Be able to identify that coverage is only activated if there is direct physical loss to property at the described premises by a covered peril.
 - a. There needs to be a complete suspension of operation for the Business income to be triggered.
3. Be able to recognize situations in which a business would need Business Income and/or Extra Expense coverage.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

4. The Business Income declaration shows which causes of loss are covered.
5. Be able to identify situations in which a business would need coverage for Business Income from Dependent Properties.
6. Understand the differences between extra expense needs and expediting (business interruption) coverage.

I. COMMERCIAL COVERAGES

I. B. Commercial Property

I. B5. Other Endorsements

1. Be able to identify why the following forms or coverage options might be used:
 - a. Leasehold Interest;
 - b. Blanket, Specific, Schedule Insurance; agreed value;
 - c. Ordinance or Law Coverage;
 - d. Glass Coverage;
 - e. Extended Period of Indemnity; and,
 - f. Terrorism Exclusions.
2. Be able to identify the purpose of a "Builder's Risk" form
 - a. Know that the coinsurance requirement on a Builder's Risk form is 100 percent of the completed value.

I. COMMERCIAL COVERAGES

I. C. LIABILITY CONCEPTS

I.C.1. Claims Made

1. Be able to identify the difference in the coverage triggers between an occurrence policy and a claims-made policy.
2. Be able to recognize why some policies are written on a claims-made basis.
3. Be able to apply the definition of the following terms:
 - a. Retroactive Date;
 - b. Prior acts coverage (retro date not specified);
 - c. Tail coverage (mini, midi, and maxi [SERP]); and,
 - d. Know that the Basic Extended Reporting Period begins when the policy period ends and is activated when the policy is cancelled or non-renewed.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

I. COMMERCIAL COVERAGES

I. D. Commercial General Liability (CGL)

I. D1. Commercial General Liability - General

1. Be able to identify:
 - a. the term General Liability; and,
 - b. general types of loss exposures insured or left for other contracts to insure.
2. Be able to identify the kinds of limits that are listed in the Declarations - and the Limits of Insurance section and how they apply.

I. COMMERCIAL COVERAGES

I. D. Commercial General Liability (CGL)

I. D2. CGL Coverage Form (Occurrence)

1. Based on the Commercial General Liability Coverage Form be able to identify and apply:
 - a. the insuring agreement for coverage A, B, C; and;
 - b. the definitions of:
 - 1) occurrence;
 - 2) products-completed operations;
 - 3) insured contract;
 - 4) coverage territory;
 - 5) personal and advertising injury;
 - 6) bodily injury;
 - 7) property damage;
 - 8) automobile and mobile equipment;
 - 9) employee;
 - 10) leased employee; and,
 - 11) temporary employee.
2. Be able to identify both the effect of the following exclusions, and alternative forms of insurance coverage:
 - a. Professional Liability;
 - b. Liquor Liability;
 - c. Workers' Compensation;
 - d. Pollution;
 - e. Automobile;
 - f. Care, Custody and Control - Property Damage;
 - g. Recall Exclusion; and,
 - h. Expected and Intended.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

3. Be able to understand who is an insured under the common endorsements.
4. Common Endorsements:
 - a. Employment Practices Liability;
 - b. Terrorism Exclusions; and,
 - c. Microbial Matter Exclusions.

I. COMMERCIAL COVERAGES

I. D3. Professional Liability

1. Be able to recognize reasons why professional liability losses are not covered under CGL policies
 - a. because of applicable exclusions;
 - b. because the loss is not:
 - 1) a bodily injury;
 - 2) property damage;
 - 3) personal injury; and,
 - 4) advertising injury.
2. Be able to identify the professional occupations commonly insured by professional liability policies.
3. Be able to identify what is covered by Professional Liability Policies that are not covered by a CGL policy.
4. Be able to identify the triggers of coverage common to professional liability:
 - a. Claims made;
 - b. Claims made and reported; and,
 - c. Occurrence (exceedingly rare).
5. Be able to understand the defense provision in a Professional Liability policy and how it differs from a CGL policy:
 - a. Employers' exposure to loss;
 - b. Common perils insured;
 - c. Who is an insured;
 - d. What losses are excluded;
 - e. Employment practices liability; and,
 - f. Fiduciary Liability.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

V. COMMERCIAL COVERAGES

V. D. Professional Liability

V. D4. Management Liability

1. Directors and Officers Liability:
 - a. Be able to understand exposures to loss for profit and non-profit organizations;
 - b. Be able to understand the three common insuring agreements;
 - c. Be able to understand who is an insured; and,
 - d. Be able to understand the exclusions within a policy.
2. Employment practices Liability:
 - a. Be able to understand who are not covered; and,
 - b. Be able to understand what losses are excluded.

I. COMMERCIAL COVERAGES

I. D5. Umbrella and Excess Liability

1. Be able to identify:
 - a. the major functions of these policies;
 - b. the absence of standard policies; however, there is an ISO form but most carriers have developed their own form with unique coverage;
 - c. the difference between umbrella and excess policies;
 - d. underlying policies that are commonly required by the umbrella insurer to be maintained; and,
 - e. what a self-insured retention is and how it is applied to a loss.

I. COMMERCIAL COVERAGES

I. E. Commercial Crime

1. Be able to differentiate between "theft," "burglary" and "robbery" as defined in crime insurance contracts.
2. Be able to identify the following crime coverages and recognize why a business would need to purchase them:
 - a. employee theft;
 - b. theft of money and securities, inside the premises; and,
 - c. theft of money and securities, outside the premises.
3. Be able to differentiate between the discovery and loss sustained forms.
 - a. Know that the loss sustained type of crime coverage would pay for losses which occur during the policy period and are found for up to one year after

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- the policy is terminated; and,
 - b. Know that the discovery type of crime policy would pay for a loss which is found during the policy period even if the loss occurs prior to the effective date of the policy.
- 4. Know that certain people are not covered under the policy including officers, employees, and independent contractors.

I. COMMERCIAL COVERAGES

I. F. Equipment Breakdown Protection Coverage (aka – Boiler and Machinery)

- 1. Be able to identify why an insured might need Equipment Breakdown Protection (also known as Boiler and Machinery coverage) coverage even if they have commercial property insurance with Causes of Loss - Special Form.

I. COMMERCIAL COVERAGES

I. G. Commercial Inland Marine

- 1. Be able to identify:
 - a. why an insured might need Inland Marine (IM) coverage; and,
 - b. common types of property insured using the Commercial Package Policy IM coverage part; e.g., transit, cargo, or equipment.
- 2. For filed forms used with the Commercial Lines Program, be able to identify:
 - a. the perils commonly insured “open perils”; and,
 - b. the most common exclusions.
- 3. Be able to understand the major reasons for considering an Electronic Data Processing policy.

I. COMMERCIAL COVERAGES

I. H. Commercial Auto

I. H2. Business Auto Coverage - Business Auto Policy (BAP)

- 1. Be able to identify why the following coverages might be needed by an insured:
 - a. owned autos;
 - b. hired autos; and,
 - c. non-owned autos.
- 2. Be able to identify each of the following symbols used to specify covered autos on the BAP declaration page: 1, 2, 3, 4, 7, 8, and 9.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

3. Be able to understand the “who is insured” provision of the policy.
4. Be able to identify the effect of the following exclusions and alternative methods of providing insurance coverage:
 - a. Workers’ Compensation;
 - b. “Operations” and “Completed Operations”;
 - c. Pollution;
 - d. Care, Custody and Control - Property Damage; and,
 - e. Fellow employee.
5. Be able to identify the principal physical damage coverages.
6. Be able to identify the effect of the following endorsements:
 - a. Individual Named Insured endorsement; and,
 - b. Drive Other Car Coverage-Broadened Coverage for Named Individuals.

I. COMMERCIAL COVERAGES

I. H. Commercial Auto

I. H3. Garage Auto Coverage

1. Garage Liability covers Garage Operations; be able to identify:
 - a. the definition of Garage Operations;
 - b. the four major coverages provided by Garage Liability; and,
 - c. reasons for insuring with Garage Liability rather than using General Liability plus Commercial Auto coverage.
2. Be able to distinguish between losses covered by Garagekeepers Legal Liability and Garagekeepers Direct Coverage (primary or excess).

I. COMMERCIAL COVERAGES

I. H. Commercial Auto

I. H4. Truckers Coverage

1. Be able to identify:
 - a. the definition of "trucker" and the general scope of the Motor Carrier Act of 1980;
 - b. why a separate automobile program was developed for motor carriers; and,
 - c. that except for a few important specialized coverages, and a few other changes, this coverage corresponds to the BAP.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

I. COMMERCIAL COVERAGES

I. H. Farm

1. Be able to identify that Farm Insurance can be written on a monoline or package policy providing:
 - a. both personal and commercial coverages; and,
 - b. liability and/or property coverages.
2. The Federal Government Crop Insurance Program for Crop Insurance, be able to identify:
 - a. why the coverage may be needed;
 - b. the major perils commonly insured; and,
 - c. the role of the federal government.

I. COMMERCIAL COVERAGES

I. I. National Flood - Commercial

1. Be able to identify the definition of a flood.
2. Be able to identify the principal commercial flood coverages.
3. Be able to recognize that Business Income and Extra Expense are not available through National Flood Insurance Program (NFIP).
4. Be able to identify that producers have no binding authority with the NFIP.
5. Know that in order to place flood insurance through the NFIP the three-hour training must be completed before submitting the policy as stated in Section 207 of Flood Insurance Reform Act of 2004.

I. COMMERCIAL COVERAGES

I. J. Businessowners Policy (BOP)

I. J1. Businessowners - General

1. Be able to identify the:
 - a. purpose of this program;
 - b. mandatory coverages; and,
 - c. categories of eligible businesses.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

I. COMMERCIAL COVERAGES

I. J. Businessowners Policy (BOP)

I. J2. BOP - Property Coverage

1. Be able to differentiate between the coverage provided by the Standard and Special forms.
2. Be able to differentiate between the perils covered in the BOP policies and the commercial property policy.
3. Be able to identify important additional coverages included in the BOP that would have to be added to the Commercial Property Policy.

I. COMMERCIAL COVERAGES

I. J. Businessowners Policy (BOP)

I. J3. BOP - Liability Coverage

1. Be able to identify that the coverage and exclusions are similar to that provided by coverages A, B, C of the CGL form.
2. Be able to identify how the limits of liability of the BOP policy differ from the CGL policy.

I. COMMERCIAL COVERAGES

I. K. Ocean Marine

1. Be able to differentiate between cargo, hull, freight, and protection and indemnity coverages.
2. Be able to recognize the sources of claims for which Protection and Indemnity insurance provides coverage.
 - (a) Jones Act
 - (b) USL&H Act
 - (c) Defense Base Act

I. COMMERCIAL COVERAGES

I. L. Surety Bonds (and General Bond Concepts)

1. Be able to differentiate between the three parties involved in a surety bond.
2. Be able to identify differences between surety bonds and insurance policies with regard to loss payments.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

3. Be able to identify the differences between contracts, financial guarantee and faithful performance bonds.

I. COMMERCIAL COVERAGES

I. M. Workers' Compensation - General Concepts

1. Be able to identify the effect on the legal relationship between employer, employee and independent contractor that was intended when workers' compensation laws were written.
2. Be able to identify situations where workers' compensation coverage is required by law and the methods used to provide the coverage.
3. Be able to describe the California State Compensation Insurance Fund (SCIF) and Section 11770 et. seq. of the CIC:
 - a. Who may place business with it; and,
 - b. Why you would place with SCIF.
4. Be able to identify the different types of benefits provided:
 - a. Medical;
 - b. Disability;
 - c. Death; and,
 - d. Supplemental job benefits.
5. Be able to identify that covered medical expenses do not have time or dollar limits.
 - a. Identify the limits for physical therapy; and,
 - b. identify the limits for chiropractic services.
6. Be able to identify what Employers Liability coverage is and why it is necessary in addition to workers' compensation, Section 11750.1[f] of the CIC.
7. Be able to identify and apply a definition of the Other States Insurance section of the policy, Section 11780.5 of the CIC.
8. Be able to identify the voluntary contribution endorsement.
9. Be able to identify what is meant by the term "24 Hour coverage," Section 1749.02 of the CIC.
10. Be able to identify the California rating system and the purpose of the experience

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

modification system.

11. Be able to identify that the Workers Compensation policy does not cover any federal workers compensation or employers liability laws:
 - a. Jones Act
 - b. USL & H
 - c. Defense Base Act

I. COMMERCIAL COVERAGES

I. N. New Developments - Commercial Lines

1. The purpose of this section is to remind providers and students that there may be new developments in Commercial Lines legislation and laws
2. Insurance Products and Services, be able to know what it is and that there is insurance available to transfer risk:
 - a. Cyber;
 - b. Identity Theft; and,
 - c. Intellectual Property.

II. HEALTH AND DISABILITY INSURANCE (25 percent of questions, includes Long-Term Care)

II. A. Health and Disability Insurance – General

1. Be able to identify a definition and/or apply your understanding of the following:

(a)	morbidity elimination period preexisting conditions coinsurance gatekeeper concept master policy owner	extension of benefits probationary period corridor deductible stop-loss provision accident vs. sickness	waiting period deductible copayment waiver of premium managed care
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- b. policies - cancellation and renewability features; e.g. cancelable, noncancelable, guaranteed renewable, noncancelable-guaranteed renewable.
2. Be able to identify and differentiate between the major kinds of insurance mechanisms:
 - a. Indemnity type (e.g. Insurers, MET's, PPO's, EPO's);
 - b. Consumer Directed Healthcare; e.g. HRA, HSA compatible plans;
 - c. Self funding; and,
 - d. Other; e.g. associations, franchises, trusts.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

3. Be able to identify the advantages and disadvantages of individual vs. group coverage.
4. Be able to identify what constitutes eligibility for "group" coverage; e.g. employer and employee relationship, associations, franchise.
 - a. waiting period; and,
 - b. probationary period.
5. With respect to group programs, be able to identify the following terms:
 - a. contributory vs. non contributory;
 - b. blanket policies;
 - c. occupational vs. non occupational;
 - d. third party administrator; and,
 - e. coordination of benefits.
6. Be able to identify:
 - a. the types of providers (physicians, hospitals, urgent care centers, home health care etc.); and,
 - b. provider contracts; e.g. PPO's, HMO's, EPO's.
7. Be able to identify a definition of the following limited insurance policies:
 - a. travel accident;
 - b. specified or dread disease and critical illness;
 - c. hospital income and hospital confinement indemnity;
 - d. accident only;
 - e. credit;
 - f. blanket; and,
 - g. health.
8. Be able to describe the ways how limited benefit plans are paid:
 - a. policies that provided benefits for expenses incurred for an accidental injury only;
 - b. policies that pay fixed dollar amounts for specified diseases or other specified impairments;
 - c. policies that provide benefits for specified limited services; and,
 - d. indemnity policies and other policies that pay a fixed dollar amount per day, excluding long term care policies.
9. Be able to identify other sources of coverage that should be considered when determining a family's health or disability insurance needs; e.g. workers compensation, social security, Medicare, work related benefits, etc.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

II. HEALTH AND DISABILITY INSURANCE

II. B. Medical Expense Insurance

1. Be able to identify the:
 - a. types of plans; e.g. Basic, Comprehensive Major Medical, Supplemental Major Medical;
 - b. plan structure (Health Maintenance Organization, Preferred Provider Organization, Exclusive Provider Organization, Self Funding, Indemnity, Dual Choice Plans);
 - c. types of plans:
 - 1) Point of Service (POS);
 - 2) Medical Savings Accounts (MSAs);
 - 3) Flexible Spending Accounts (FSAs);
 - 4) Health Reimbursement Accounts (HRAs);
 - 5) High Deductible Health Plans (HDHPs) and Health Savings Accounts (HSAs);
 - 6) Consumer Driven Health Plans (CDHPs); and,
 - 7) Employer self-funded health plans.
 - d. benefit structure (Scheduled or Usual, Customary, Reasonable);
 - e. other coverages:
 - 1) Dental;
 - 2) Vision;
 - 3) Prescription Drug Card; and,
 - 4) Supplemental Accident).
 - f. contract issues and clauses (Family Deductible, Grace Period, Waiting Periods, Pre-existing conditions, Elimination Periods, Right to terminate, Coordination of Benefits, Take-over Benefits - coinsurance & deductible carryover; - no loss, no gain, First dollar coverage, Restoration of Benefits);
 - g. extension of benefits, Consolidated Omnibus Budget Reconciliation Act (COBRA) and Cal-COBRA, family or medical leave, maternity; and,
 - h. exclusions and limitations.
2. Be able to identify that the Department of Insurance has jurisdiction over entities that provide coverages designed to pay for health care providers' services and expenses unless the health care providers are appropriately licensed or certified by other governmental agencies, Section 740 of the CIC.
3. Be able to identify how and why each of the following applies to eligibility and/or rating factors to affect rating structures:
 - a. demographics (gender, age, occupation);
 - b. industry;

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- c. location, zip code;
 - d. carrier history;
 - e. medical history:
 - 1) chronic or ongoing conditions;
 - 2) catastrophic conditions;
 - 3) pregnancies; and,
 - 4) disabled employees and dependents (not actively at work, extended benefits of a former carrier);
 - f. contribution (policy – contributing, non-contributing); and,
 - g. participation (employees & dependents – covered, eligible).
4. Be able to identify the regulatory requirements for group insurance:
- a. eligible groups and insureds, Section 10202 of the CIC;
 - b. dependents of insured employees, Section 10203.4 of the CIC;
 - c. types of policies and premiums, Section 10200 of the CIC;
 - d. incontestability, Section 10206 of the CIC;
 - e. war, military, and aviation risk, Section 10206.5 of the CIC;
 - f. misstatement of age, Section 10208 of the CIC;
 - g. certificate of insurance, Section 10209 of the CIC;
 - h. conversion privilege, Section 10209 of the CIC;
 - i. conversion period coverage, Section 10209 of the CIC; and,
 - j. blanket insurance, Sections 10220 and 10222 of the CIC.
5. Be able to identify the impact of statutory legislative issues on the health industry:
- a. Employee Retirement Income Security Act (ERISA);
 - b. Consolidated Omnibus Budget Reconciliation Act (COBRA);
 - c. Americans with Disabilities Act (ADA);
 - d. Family and Medical Leave Act (FMLA);
 - e. maternity;
 - f. Health Insurance Portability and Accountability Act (HIPAA); and,
 - g. Cal-COBRA.

II. HEALTH AND DISABILITY INSURANCE

II. B. Health Insurance and Counseling Advocacy Program (HICAP)

- 1. For HICAP, be able to identify:
 - a. who the program serves
 - i. for Medicare patients and families;
 - b. its function (free assistance, education, consumer advocacy, legal assistance);
 - c. Department of Aging and local area agencies on aging;
 - d. how to locate a local program (www.calmedicare.org); and,

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- e. the statewide toll free number 800-434-0222.

II. HEALTH AND DISABILITY INSURANCE

II. C. Disability Income Insurance

1. For disability income insurance be able to identify:
 - a. the need for the coverage;
 - b. definitions of partial and total disability (including Social Security definition) and eligibility requirements;
 - c. the difference between occupational and non occupational coverage;
 - d. how federal income tax applies to payments; and,
 - e. reasons for insurer limitations on coverage amounts.
2. Be able to identify the uses of Disability Income:
 - a. individual disability income policy;
 - b. business overhead expense policy;
 - c. business disability buyout policy;
 - d. group disability income policy; and,
 - e. key employee and partner policies.
3. Be able to identify how and why each of the following applies to eligibility and/or rating factors to influence rating structures:
 - a. age;
 - b. gender;
 - c. income requirement and "elimination period;"
 - d. job classification;
 - e. avocation;
 - f. health (past and present);
 - g. waiting period; and,
 - h. probationary period.
4. Be able to identify the effect of taxes on the participants and on sponsors of the following:
 - a. group;
 - b. individual; and,
 - c. franchise.
5. Be able to identify each of the following provisions or riders:
 - a. maximum and minimum benefits;
 - b. notice of claim;
 - c. automatic increase provision;
 - d. beneficiary;

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- e. own occupation;
- f. cost of living rider;
- g. benefit period;
- h. Social Security benefit rider;
- i. benefit integration;
- j. residual;
- k. rehabilitation;
- l. recurring disability;
- m. transplants;
- n. standard exclusions and limitations; and,
- o. return of premium rider.

II. HEALTH AND DISABILITY INSURANCE

II. D. Senior Health Products

1. For Medicare Products, be able to identify who is eligible for coverage:
 - a. age 65;
 - b. Social Security Disability (SSDI) – two years; and,
 - c. End Stage Renal Disease (ESRD).
2. Be able to identify Medicare Products:
 - a. Original Medicare
 - b. Medicare Advantage plan:
 - 1) HMO and PPO models;
 - 2) Private Fee For Service plans (PFFS);
 - 3) Special Needs Plans (SNP); and,
 - 4) Demonstration Plans for ESRD or chronic or serious medical conditions.
 - c. Medicare prescription drug plans.
3. For Medicare Part A (Hospital Insurance), be able to define:
 - a. Benefits:
 - 1) Inpatient coverage – hospital and skilled nursing care;
 - 2) Benefit period;
 - 3) Deductibles; and,
 - 4) Copayments.
4. For Medicare Part B (Medical Insurance), be able to define:
 - a. Enrollment (and that a monthly premium is required):
 - 1) know that enrollment in Medicare Part B can be delayed when employer coverage is primary due to the active employment of the individual at age 65 (or younger than 65 with ESRD), or their

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- spouse, or a parent of a disabled dependent.
- b. Benefits:
 - 1) Medical and health services;
 - 2) Physicians and surgeons;
 - c. Deductibles; and,
 - d. Coinsurance.
5. For Medicare Part C (Medicare Advantage) be able to describe the managed care aspects of the coverage health care organizations provide coverage
6. For Medicare Part D (Prescription Drug Plan) be able to identify:
- a. Coverage is optional – Penalties for non-creditable coverage and,
 - b. Premiums, deductibles and copayments.
7. Be able to identify how Medicare enrollment periods:
- a. Initial Enrollment Period (IEP);
 - b. Annual Enrollment Period (AEP);
 - c. Open Enrollment Period (OEP); and,
 - d. Special Enrollment Period (SEP).
8. Be able to identify how Medicare claims payments are handled in the Original Medicare Fee for Service program:
- a. How Medicare claims are submitted;
 - b. “Medicare assignment” vs. non-assignment;
 - c. Contracted participating providers and suppliers;
 - d. Medicare providers required to submit claims;
 - e. What information is provided by a “Medicare Summary Notice” (MSN);
 - f. Exclusions; and,
 - g. Rights of Appeal.
9. With regard to Medicare Supplement Policies, be able to identify:
- a. The NAIC standardized Medicare Supplement policies and the gaps in Medicare coverage they are designed to fill.
 - 1) A through J including high deductible plans;
 - 2) K and L; and,
 - 3) Medicare Select plans.
 - b. California Insurance Code (CIC) requirements regarding the following:
 - 1) Benefits required in each standardized plan, Section 10192.8 of the CIC and Medicare Select plans, Section 10192.10 of the CIC:
 - (a) know that insurers offering Medigap policies must offer Medicare Supplement Plan A that contains only the core

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

benefits;

- (b) open enrollment period described in, Section 10192.11 of the CIC and application to 10192.18 application questions;
- (c) Guaranteed Issue periods described in CIC 10192.12 and application questions;
- (d) permitted commissions, Section 10192.16 of the CIC; and,
- (e) appropriate sales and replacement, Section 10192.20 of the CIC.

- 10. For Medi-Cal, be able to identify:
 - a. Purpose; and,
 - b. Eligibility – who is eligible, including those with a Share of Cost.

III. LONG TERM CARE (questions included in II. Health and Disability)

III. A. Long Term Care, Section 10231 of the CIC

- 1. Regarding long term care Insurance, be able to identify:
 - a. why this coverage might be needed (Medicare limitations, Medi-Cal eligibility);
 - b. evaluations to make before purchasing;
 - c. the types of benefits available (nursing home, assisted living, home care, hospice, respite care, adult day care);
 - d. the triggers for benefits;
 - e. ways to issue contracts (individual, group, endorsement to life policy);
 - f. types of contract limits (daily benefits and policy maximum limits); and,
 - g. guaranteed renewability and rate increases.
- 2. Be able to identify the California Insurance Code requirements regarding long term care policies:
 - a. long term care Insurance definition;
 - b. Nursing Facility and Residential Care Only, Home Care, Comprehensive Policy, Section 10232.1 of the CIC;
 - i. know that the following are standard levels of care:
 - (1) skilled nursing care;
 - (2) intermediate nursing care;
 - (3) non-skilled nursing care;
 - (4) assisted living;
 - (5) personal care;
 - (6) home health care;
 - (7) home care; and,
 - (8) community based.
 - c. suitability standards.

PRELICENSING EDUCATION

EDUCATIONAL OBJECTIVES

California Commercial, Health and Disability Examination

- d. marketing standards and responsibilities including Health Insurance Counseling and Advocacy Program (HICAP), Section 10234.93 of the CIC.
 - e. honesty, good faith and fair dealing, Section 10234.8 of the CIC.
 - f. requirement to offer inflation protection and signed rejection, Sections 10237.1 and 10237.5 of the CIC.
 - g. types of policies:
 - i. tax qualified; and,
 - ii. non-tax qualified.
 - h. California Partnership for Long-Term Care.
3. Consumer protection regarding long-term care insurance:
- a. Be able to identify the provisions about duty of honor, good faith, and fair dealing, Section 10234.8; of the CIC;
 - b. Be able to identify the provisions about replacement of long term care insurance unnecessarily, Section 10234.85 of the CIC;
 - c. Be able to identify the provisions about advertisement and the “cold lead device” disclosure, Section 10234.9(c) of the CIC; and,
 - d. Be able to identify the provisions about replacement coverage, Sections 10234.97(a) and (b) of the CIC.

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